

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 78-100

July 21, 1978

AMENDMENT TO REGULATION O--LOANS TO
EXECUTIVE OFFICERS OF MEMBER BANKS

TO ALL MEMBER BANKS
AND OTHERS CONCERNED IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:

The Board of Governors has amended Regulation O, "Loans to Executive Officers of Member Banks" to make it clear that an executive officer may not become indebted to a member bank under a bank credit card, check credit, or similar plan under terms more favorable than those offered to the general public. The amendment became effective June 30, 1978, and is embodied in a footnote to Section 215.2 (c) (5) (iv) which clarifies the expression "general arrangements" in that section. Footnote 3 of the regulation prior to the amendment should be changed to footnote 4.

Member banks and others should file the amendment, which is printed on the reverse of this circular, in their Regulations Binder. Any questions should be directed to Mr. Marvin C. McCoy or Mr. William C. Reddick of the Bank Supervision and Regulations Department, at Ext. 6275. The amendment effective March 24, 1978, should be removed from your binder and destroyed.

Additional copies of the amendment will be furnished upon request to the Secretary's Office of this Bank, Ext. 6267.

Sincerely yours,

Robert H. Boykin

First Vice President

Banks and others are encouraged to use the following incoming WATS numbers in contacting this Bank: 1-800-492-4403 (intrastate) and 1-800-527-4970 (interstate). For calls placed locally, please use 651 plus the extension referred to above.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

LOANS TO EXECUTIVE OFFICERS OF MEMBER BANKS

AMENDMENT TO REGULATION O†

Effective June 30, 1978, section 215.2(c)(5)(iv) is amended to read as follows:

SECTION 215.2 — DEFINITIONS

* * * * *

(c) "Extension of credit" and "extend credit."***

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(5)*** Such terms, however, do not include:

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(iv) Indebtedness arising by reason of general arrangements³ under which a bank (a) acquires

charge or time credit accounts or (b) makes payments to or on behalf of participants in a bank credit card plan, check credit plan, or similar plan, except that this subdivision (iv) shall not apply to indebtedness of an executive officer to his own bank to the extent that the aggregate amount thereof exceeds \$5,000 or to any such indebtedness to his own bank that involves prior individual clearance or approval by the bank other than for the purpose of determining whether his participation in the arrangement is authorized or whether any dollar limit under the arrangement has been or would be exceeded.

† For this Regulation to be complete as amended June 30, 1978, retain:

- 1) Printed Regulation pamphlet as amended March 15, 1968;
- 2) This slip sheet.

³ The expression "general arrangement" is not intended to include an arrangement whereby an executive officer incurs indebtedness under a bank credit card plan, check credit plan, or similar plan under terms more favorable than those offered to the general public.